



HOUSE COMMITTEE ON APPROPRIATIONS

FY 09-10

Executive Budget Review

Department of Insurance



The Department of Insurance includes the following programs:

Administrative/Fiscal
Market Compliance



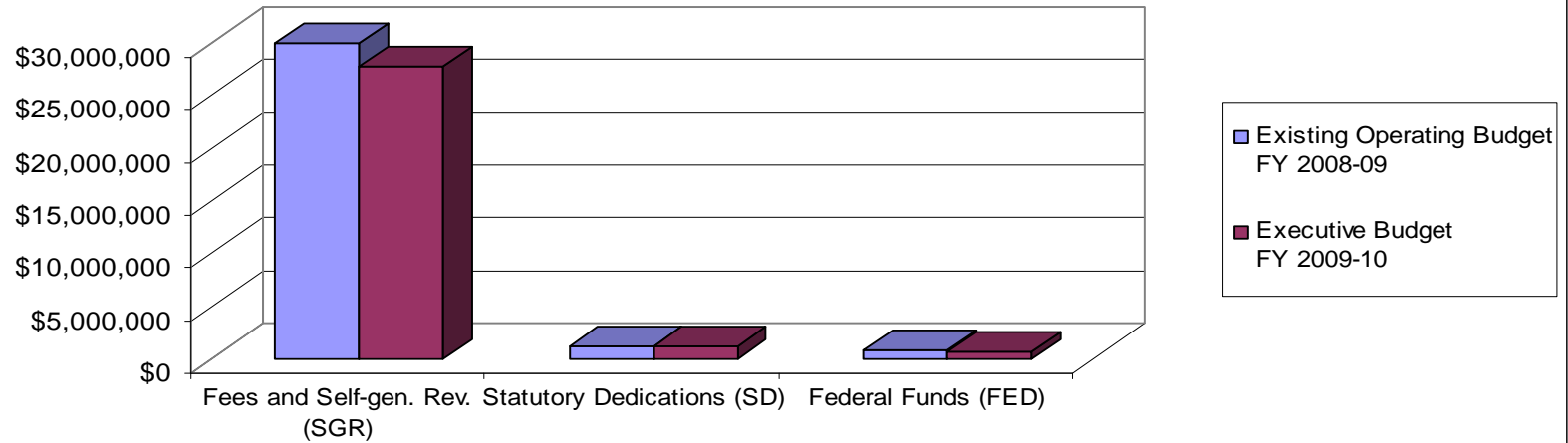
Executive Budget by Means of Finance

DEPARTMENT OF INSURANCE					
Means of Financing (MOF)	Actual Expenditures FY 2007-08	Existing Operating Budget FY 2008-09 (2/1/09)	Executive Budget FY 2009-10	Change From FY 08-09 to FY 09-10	Percent Change From FY 08-09 to FY 09-10
State General Fund (SGF)	\$0	\$0	\$0	\$0	0.00%
Interagency Transfers (IAT)	\$0	\$0	\$0	\$0	0.00%
Fees and Self-gen. Rev. (SGR)	\$27,811,782	\$29,859,482	\$27,736,105	(\$2,123,377)	-7.11%
Statutory Dedications (SD)	\$30,057,382	\$1,115,931	\$1,102,320	(\$13,611)	-1.22%
Interim Emergency Board	\$0	\$0	\$0	\$0	0.00%
Federal Funds (FED)	\$313,454	\$804,061	\$548,593	(\$255,468)	-31.77%
TOTAL MOF	\$58,182,618	\$31,779,474	\$29,387,018	(\$2,392,456)	-7.53%
Authorized Positions	289	281	274	-7	-2.49%

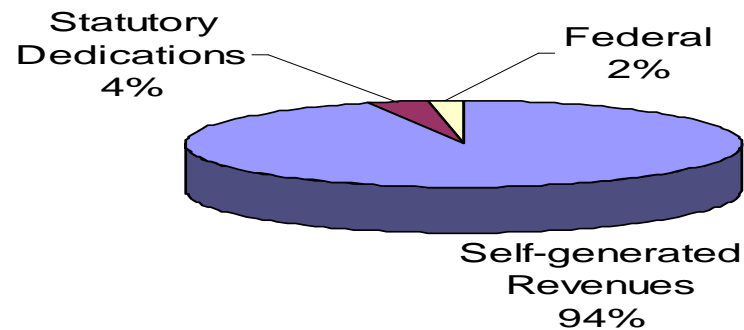
Major Sources of Revenue Include: Louisiana Rating Assessment, Health Insurance Portability and Accountability Act of 1996 Assessment (HIPAA) and Insurance Fraud Assessment.



FY 08-09 EOB (2/1/09) vs FY 09-10 Executive Budget



Department of Insurance FY 09-10 Executive Budget by Means of Finance



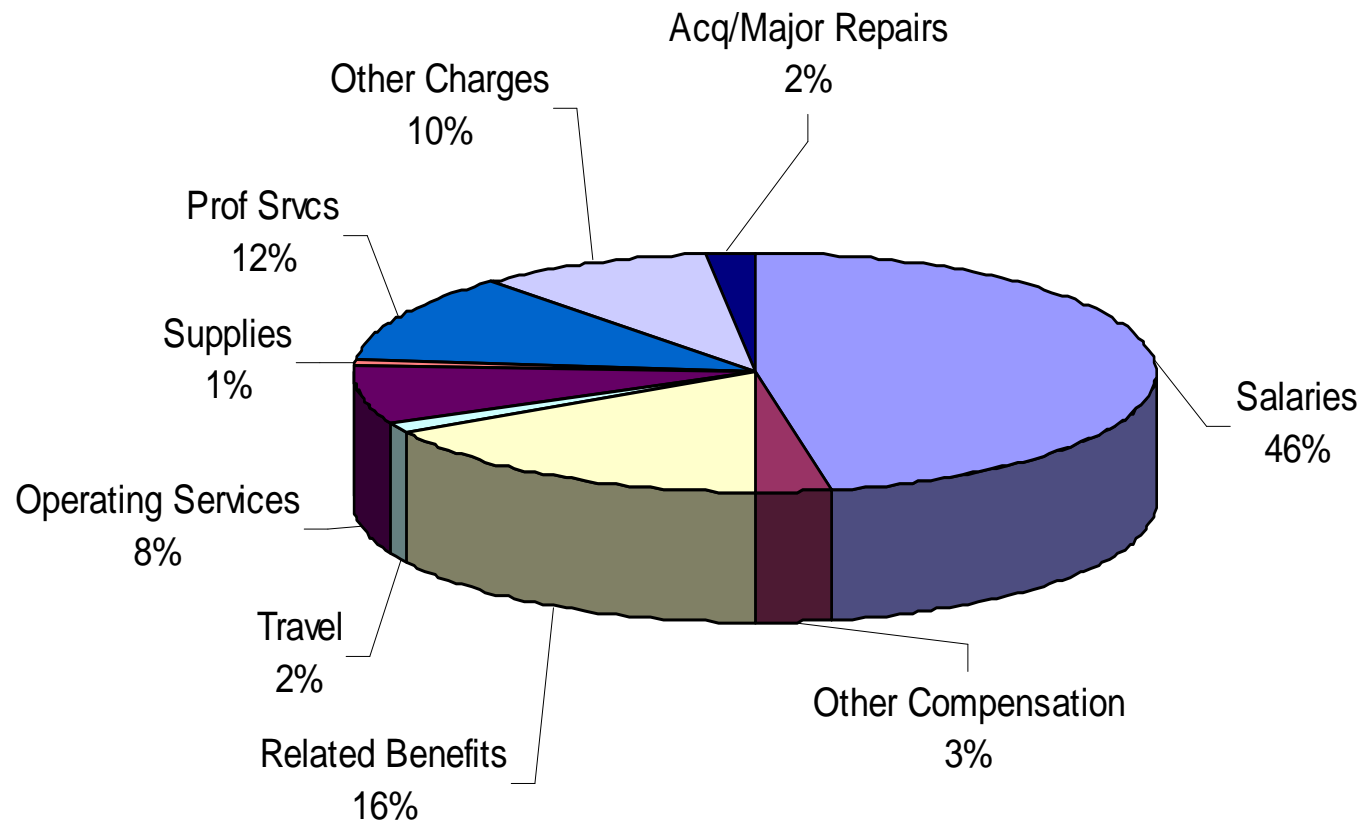


FY 09-10 Executive Budget by Expenditure

Department of Insurance					
Expenditures	FY 07-08 Actual	FY 08-09 Existing Operating Budget	FY 09-10 Executive Budget	Change from FY 08-09 to FY 09-10	Percent Change
Salaries	\$ 13,640,936	\$ 13,944,522	\$ 13,829,710	\$ (114,812)	-0.8%
Other Compensation	\$ 885,702	\$ 1,004,336	\$ 881,935	\$ (122,401)	-12.2%
Related Benefits	\$ 4,819,396	\$ 4,857,142	\$ 4,863,233	\$ 6,091	0.1%
Travel	\$ 558,679	\$ 625,875	\$ 456,502	\$ (169,373)	-27.1%
Operating Services	\$ 1,816,263	\$ 2,186,782	\$ 2,234,779	\$ 47,997	2.2%
Supplies	\$ 275,237	\$ 342,643	\$ 249,114	\$ (93,529)	-27.3%
Prof Svcs	\$ 4,004,188	\$ 5,226,210	\$ 3,489,996	\$ (1,736,214)	-33.2%
Other Charges	\$ 31,492,733	\$ 2,968,733	\$ 2,801,235	\$ (167,498)	-5.6%
Acq/Major Repairs	\$ 689,484	\$ 559,171	\$ 580,514	\$ 21,343	3.8%
Unalloted	\$ -	\$ 64,060	\$ -	\$ (64,060)	-100.0%
TOTAL EXP	\$ 58,182,618	\$ 31,779,474	\$ 29,387,018	\$ (2,392,456)	-7.5%



FY 09-10 Executive Budget by Expenditure





Discretionary vs Non-Discretionary Funding FY09-10

Discretionary	\$27,349,554	93.07%
Non-Discretionary	\$2,037,464	6.93%
Total	\$29,387,018	100.00%

- A majority of the discretionary funding is allocated towards salaries and related benefits (65%)



Major Statutory Dedications

The chart below lists significant statutory dedicated funds appropriated to the Department of Insurance

	FY 07-08	FY 08-09	FY 09-10
Administrative Fund	\$565,658	\$620,606	\$659,042
Automobile Theft and Insurance Fraud Prevention Authority Fund	\$56,398	\$60,000	\$25,000
Insurance Fraud Investigation Fund	\$435,325	\$435,325	\$418,278



Insurance

Statutory Dedications

- Automobile Theft and Insurance Fraud Prevention Authority Fund – (R.S. 22:2134) Source of funding is self generated revenues through solicitations. \$60,000 was appropriated in FY08-09. There is a \$39,614 fund balance as of 2/5/09. It is used to combat motor vehicle insurance fraud, including fraud by theft and other criminal acts.
- Administrative Fund (R.S. 22:1071) Source of funding is fees and self generated revenues. \$653,269 was appropriated for FY 08-09. The administration reduced this by 5% as part of the deficit reduction plan. Collections are based on an annual assessment of certain premiums to cover the cost of administering and enforcing the provisions of assuring portability, availability, and renewability of health insurance coverage.
- Insurance Fraud Investigation Fund (R.S. 40:1428) Source of funding is fees and self generated revenues. \$435,325 was appropriated in FY 08-09. It is used for investigation, enforcement and prosecution of insurance fraud.



Insurance

SALARIES/ POSITIONS

- \$13.8 million for salaries and \$4.8 million for related benefits. Total Salaries and Related Benefits = \$18.7 million or 64% of the total budget
- Average Salary for the Department = \$50,473
- 274 positions (247 classified and 27 unclassified)
- As of 3/23/09, the department had 8 vacancies
5 yr historical vacancy rate = 18 positions



Means of Finance Substitutions

- Reduced Statutory Dedications totaling \$42,562 in the Insurance Fraud and Investigation Fund and increased Fees and Self-generated Revenues.
- Reduced Statutory Dedications totaling \$35,000 in the Automobile Theft and Insurance Fraud Prevention Authority Fund and increased Fees and Self-generated Revenues.



Significant Budget Changes

\$847,908	Additional funding for the salary base adjustment (\$792,518 SGR; \$44,965 SD; \$10,425 FED).
\$691,500 SGR	Additional funding for acquisitions and major repairs.
\$518,081	Additional funding for classified employee merit increases and annualized merit increases for classified state employees (\$478,447 SGR; \$31,977 SD; \$7,657 FED).
\$339,863 SGR	Additional funding for data processing software maintenance contracts.



Significant Budget Changes (cont.)

- (\$1.5 million) SGR Reduces funding for travel, supplies, acquisitions, professional services and other charges.
- (\$1million) SGR Eliminates funding and 7 vacancies: Administrative program (2) (\$429,016) and Market Compliance program (5) (\$576,639).
- (\$807,786) Decreases funding due to the attrition adjustment (\$780,851 SGR; \$21,748 SD; \$5,187 FED).
- (\$686,783) SGR Salary funding from other line items



Issues

- Will the dispute between the Department of Insurance and the State Legislative Auditor affect the CAFR (Comprehensive Annual Financial Report) and the credit rating of the state?

On January 27th the Department of Insurance was granted an injunction against the Treasury and the Division of Administration to prevent the cutoff of state funding due to non-compliance of state audit laws.

- The Louisiana Incentive Fund has a \$75 million dollar balance in the treasury. How will those funds eventually be dispersed?